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STATEMENT OF
ELMER B. STAATS, COMPTROLLER GENERAL OF THE UNITED STATES
BEFORE THE
SUBCOMMITTEE ON INTERGOVERNMENTAL RELATIONS
9 COMMITTEE ON GOVERNMENT OPERATIONS H 1505
HOUSE OF REPRESENTATIVES

ON
FEDERAL REGIONAL COUNCILS, PLANNED VARIATIONS DEMONSTRATION,
AND
H.R. 11236, THE PROPOSED JOINT FUNDING SIMPLIFICATION ACT OF 1973

Mr. Chairman and members of the Subcommittee, we are here today
for three purposes:

- To provide you with our assessment of Federal Regional Councils,
- To review our work on the Planned Variations demonstration program, and
- To present our views on H.R. 11236, the proposed Joint Funding Simplification Act of 1973.

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FEDERAL REGIONAL COUNCILS

The principle objectives in establishing Federal Regional Councils were to develop closer working relationships between major Federal grant-making agencies and State and local governments and to improve coordination of the categorical grant system.

Federal Regional Councils were formally established in each of the 10 standard Federal regions by Executive Order. Membership in each Council consists of the regional heads of the Departments of Labor; Health, Education, and Welfare; Transportation; Agriculture; the Interior; and Housing and Urban Development; and the regional heads of the Office of Economic Opportunity, Environmental Protection Agency, and the Law Enforcement Assistance Administration.

Each Council is headed by a chairman designated by the President from among the regional heads of member agencies. The Under Secretaries Group for Regional Operations, chaired by the Deputy Director, OMB, is the Washington-level policy-making body responsible for the proper functioning of Councils. OMB representatives serve as liaisons between OMB and the Councils and participate in Council deliberations. They are primarily responsible for carrying out OMB's role as general overseer of coordination efforts among Federal agencies and between the Federal, State, and local governments.

Each member agency is to assign one full-time senior level staff member to each Council. In addition, each Council chairman's agency

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is required to assign one full-time senior level staff member to serve as Council staff director. For task forces, Councils also draw on regional staff of Federal agencies in addition to the full-time staff and, in some cases, also include representatives from State and local governments.

The General Accounting Office has just completed its first detailed review of what the Federal Regional Councils are doing. Specifically, we wanted to find out for the Congress how much progress the Councils have made.

On the basis of 70 interviews with State and local officials we concluded that:

--Although most officials of States and large units of local government knew about the Councils and their purposes, the extent of this knowledge and experience with Councils varied widely.

--Officials of small units of local government generally were unfamiliar with Councils.

The Councils have helped improve day-to-day Federal-State-local working relations and improved delivery of Federal assistance but, so far, their activities have reached only a limited number of the potential recipients.

Our interviews showed that unless State and local government units developed aggressive programs for seeking out and securing Federal assistance, they usually had little knowledge of or information on

grant-in-aid programs. It seems obvious that more information is needed on Federal grant-in-aid programs and on the opportunities for securing assistance from Councils.

In our report, we recommended that Councils increase their efforts to help State and local government officials understand the Councils' role and responsibilities and how they can obtain help from the Councils.

In view of the limited staff available to the Councils and their relatively brief experience, we recommended that OMB consider an experiment. Specifically, we suggested the transfer from Washington of a few OMB representatives to assist the Council chairmen and the Councils in developing and operating programs with State and local governments.

OMB concurred in our recommendations and pointed out various steps taken within the regions to establish and maintain relations with individual State and local officials.

Our review disclosed several factors impeding Councils' efforts to achieve greater effectiveness.

The degree of authority to make decisions delegated from Washington to the regional heads of Federal agencies participating in the Councils varies considerably. For many Federal programs, regional heads had no authority to make final decisions on applications for Federal assistance because final grant approval authority either rests in Washington or is delegated to agency regional officials other than the Council members. In such situations, agencies do not authorize

their Council members to commit grant funds when dealing with State and local officials. This results in delays in getting projects started or in projects not being undertaken. Several State and local officials we interviewed were critical of the Councils' ability to respond to requests for assistance. Generally, they believed that Council members had no decisionmaking authority and were not able to provide prompt assistance.

Other factors also impeded Councils' effectiveness such as, authority given to those carrying out the Councils' activities, leadership provided to Councils, and participating agencies' commitments. Except for the staff directors and support staff assigned by the Council chairmen's agencies, Council members, staff, task force representatives, ad hoc participants, and Council chairmen divide their time between Council and agency duties. With this type of organization, a higher degree of commitment and support at both the Washington and regional levels is needed.

Although each Council chairman is to lead his Council effectively, Council chairmen, under the organization of the executive branch, cannot have line authority over the other Council members. In addition, each chairman continues to serve as agency regional head and, accordingly, divides his time between agency and Council duties. This means that leadership of the Councils is charged to part-time chairmen who have to rely on the authority implicit in their Presidential

designations and such personal capabilities as management competence, persuasiveness, and communication skills to carry out their responsibilities.

Concerning the leadership role of the Under Secretaries Group, we found that Council projects were generally successful when the Under Secretaries Group defined objectives, provided financial and staff resources, and endorsed commitment by member agencies. The need for management direction and assistance by the Under Secretaries Group is underscored when we remember the limitations on authority and dual responsibilities of Council chairmen and also that Council members, staff, and task force representatives divide their time and effort between Council and agency duties.

Despite these limitations, we believe that within the existing framework the Councils can accomplish their purposes more effectively.

Overall, we recommended that the Under Secretaries Group counteract the factors impeding Councils' effectiveness by taking charge and providing direction and firm support to the Councils. Specifically, the Under Secretaries Group should:

- Prescribe standards for Councils' work planning and progress reporting,
- Provide for Councils' participation in the planning stages of required projects, and
- Assume responsibility for determining the appropriateness of uniformly decentralizing Federal agencies' grant programs.

OMB endorsed our conclusions and recommendations and informed us of the actions currently underway aimed toward strengthening the management and increasing the effectiveness of Councils.

PLANNED VARIATIONS PROGRAM

The Planned Variations program was initiated by the President in July 1971 to demonstrate, within existing legislation, the feasibility of special revenue sharing for urban community development. The specific objectives of the demonstration were to (1) enable cities to improve their coordination of Federal funds in solving critical urban problems, (2) increase cities' abilities to set local priorities, and (3) reduce paperwork and overcome delay in the existing Federal categorical grant system.

We reviewed Federal Regional Councils' participation in this program. We also conducted a separate survey in three cities to evaluate the progress and problems being experienced with the program.

One of the most important points of the Planned Variations demonstration was the need for cities to develop comprehensive plans to assure that resources are allocated to meet priority needs, and that Federal and local funds are used effectively. There had been a lack of progress in developing such plans, as shown in our August 1973 report to the Secretary of Housing and Urban Development (HUD).

Because demonstration cities were experiencing limited progress in developing city-wide plans, we questioned whether other cities will

be prepared for greater responsibilities in solving urban problems under the special revenue sharing approach to urban community development.

HUD told us that the lack of a completed comprehensive plan is not likely to seriously hinder cities in assuming greater responsibilities under special revenue sharing. When cities are given greater latitude in using Federal funds, they generally have improved their planning and management capabilities. They also have developed effective means for setting their priorities and allocating resources. HUD believes that the absence of a completed comprehensive plan is not a major problem provided that other planning and management mechanisms are used.

Although we agree that the use of other planning and management mechanisms is a useful tool, we continue to believe that the development of local comprehensive plans is the most appropriate method.

JOINT FUNDING SIMPLIFICATION

Mr. Chairman, we now turn to H.R. 11236, the proposed Joint Funding Simplification Act of 1973. We support the general objectives of simplifying and improving the administration of related grant-in-aid programs. Presently the large number of individual grant-in-aid programs, each with its own set of complex special requirements, separate authorizations and appropriations, makes it increasingly difficult to manage and administer those programs.

Legislation providing for the consolidation of similar programs into broader categories of assistance and the placement of similar programs in a single agency would result in improved administration of Federal grant-in-aid programs. Such legislation would not eliminate the need for joint funding entirely and therefore we support the purposes of H.R. 11236. Although closely related, joint funding is distinctly different from grant consolidation because it enables the grouping of like and unlike programs, not otherwise subject to grant consolidation. Whereas grant consolidation involves a permanent grouping of like programs, the programs to be grouped under joint funding would be determined on a case-by-case basis.

For several years OMB has been experimenting with joint funding under the Integrated Grant Administration program. The program provides a means for two or more Federal agencies to work together in meeting the requirements of proposed projects and enables prospective grantees to apply for a number of Federal assistance grants with one application.

The objectives of the Integrated Grant Administration program are identical to those of the joint funding legislation currently before you. The basic change to be accomplished by the passage of H.R. 11236 relates to the matter of fund accountability. Under the Integrated Grant Administration program, funds from the several programs or appropriations are to be accounted for separately. In contrast, H.R. 11236 provides that funds from the several programs or appropriations are to be accounted for as if derived from one program or appropriation.

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The following charts show the total number of General Accounting Office reports issued on audits of Civil Departments and independent agencies and of that number, those reports relating specifically to audits of Federal domestic assistance programs. Totals are categorized by the number of audits undertaken at the discretion of the General Accounting Office and those undertaken pursuant to requests by committees, subcommittees and members of Congress or statutory requirement.

| <u>Fiscal Year 1972</u> | <u>Total</u> | <u>Reports self-generated</u> | | <u>Reports Requested</u> | | |
|--|--------------|-------------------------------|----------------------------|---------------------------------------|---------------------------|------------------|
| | | <u>To the Congress</u> | <u>To Agency Officials</u> | <u>Committees & Subcommittees</u> | <u>Individual Members</u> | <u>Statutory</u> |
| Reports Relating to Civil Departments and Independent Agencies | <u>484</u> | <u>101</u> | <u>181</u> | <u>77</u> | <u>125</u> | <u>-</u> |
| Number of Reports Relating to Federal Domestic Assistance Programs | <u>189</u> | <u>48</u> | <u>43</u> | <u>34</u> | <u>64</u> | <u>-</u> |
| Department of Agriculture | 14 | 6 | 4 | 1 | 3 | - |
| Department of Commerce | 5 | 2 | - | - | 3 | - |
| Department of Health, Education, and Welfare | 52 | 15 | 6 | 20 | 11 | - |
| Department of Housing and Urban Development | 25 | 3 | 10 | 1 | 11 | - |
| Department of the Interior | 7 | 3 | 4 | - | - | - |
| Department of Justice | 6 | 1 | 2 | - | 3 | - |
| Department of Labor | 24 | 6 | 6 | 7 | 5 | - |
| Department of Transportation | 12 | 1 | 4 | 3 | 4 | - |
| District of Columbia Government | 4 | - | 1 | 1 | 2 | - |
| Environmental Protection Agency | 4 | 2 | - | - | 2 | - |
| National Foundation on the Arts and Humanities | 2 | - | 1 | - | 1 | - |
| National Science Foundation | 2 | - | - | 1 | 1 | - |
| Office of Economic Opportunity | 28 | 7 | 3 | - | 18 | - |
| Veterans Administration | 2 | 2 | - | - | - | - |
| Other | 2 | - | 2 | - | - | - |



| <u>Fiscal Year 1973</u> | <u>Total</u> | <u>Reports self-generated</u> | | <u>Reports Requested</u> | | |
|--|--------------|-------------------------------|----------------------------|---------------------------------------|---------------------------|------------------|
| | | <u>To the Congress</u> | <u>To Agency Officials</u> | <u>Committees & Subcommittees</u> | <u>Individual Members</u> | <u>Statutory</u> |
| Reports Relating to Civil Departments and Independent Agencies | <u>467</u> | <u>91</u> | <u>136</u> | <u>121</u> | <u>118</u> | <u>1</u> |
| Number of Reports Relating to Federal Domestic Assistance Programs | <u>174</u> | <u>38</u> | <u>36</u> | <u>54</u> | <u>45</u> | <u>1</u> |
| Department of Agriculture | 13 | 4 | 4 | 3 | 2 | - |
| Department of the Army, Corp of Engineers | 4 | - | - | - | 4 | - |
| Department of Commerce | 9 | 2 | 4 | 3 | - | - |
| Department of Health, Education, and Welfare | 47 | 12 | 6 | 14 | 14 | 1 |
| Department of Housing and Urban Development | 24 | 6 | 9 | 3 | 6 | - |
| Department of the Interior | 9 | 1 | 1 | 4 | 3 | - |
| Department of Justice | 12 | 2 | 2 | 2 | 6 | - |
| Department of Labor | 15 | 2 | 5 | 5 | 3 | - |
| Department of Transportation | 3 | - | 1 | - | 2 | - |
| Atomic Energy Commission | 1 | - | - | 1 | - | - |
| District of Columbia Government | 5 | 1 | - | 4 | - | - |
| Environmental Protection Agency | 6 | 2 | 1 | 2 | 1 | - |
| General Services Administration | 1 | - | - | - | 1 | - |
| National Science Foundation | 2 | 1 | - | - | 1 | - |
| Office of Economic Opportunity | 16 | 4 | - | 12 | - | - |
| Small Business Administration | 1 | - | 1 | - | - | - |
| Veterans Administration | 3 | 1 | 2 | - | - | - |
| Other | 3 | - | - | 1 | 2 | - |

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